GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:6598
ANSWERED ON:09.05.2002
HUGE LOANS AT LOW RATE TO DIRECTORS OF THE COMPANIES
AMBATI BRAHMANAIAH

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government have curbed the tendency of Directors in private limited companies to draw huge loans at low rates of interest for their own benefits;

(b) if so, whether there are any guidelines to limit the loans which are being given to Directors;

(c) whether the Government are aware that many companies have given huge loans to their Directors;

(d) if so, the steps being proposed to ensure that such loans are paid back immediately; and

(e) the other steps proposed by the Government to ensure that shareholders are not duped by their Directors?

Answer

MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS (SHRI ARUN JAITLEY)

(a) to (e): Loans given to Directors of private limited companies unless they are subsidiaries of public companies are exempt from the approval of the Central Government and, therefore, guidelines issued for regulating loans given by a public limited company to its Directors are not applicable.